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Report Highlights:

Wheat and barley crops in 2004/05 are forecast at relatively high levels, but below the previous year's outstanding harvests. Sorghum production in 2005/06 is forecast to fall slightly, while rice production is expected to rebound somewhat. The sowing of the 2004/05 wheat and barley crops begins in April, while planting of the 2005/06 rice and sorghum crops will take place later this year. Wheat and barley exports are forecast to decline somewhat from the relatively high levels projected for 2003/04. Sorghum exports are forecast unchanged, while rice exports are expected to rise slightly in 2005/06.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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Canberra [AS1]
[AS]

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SECTION ONE: SITUATION AND OUTLOOK

Winter-grown wheat and barley crops in 2004/05 and output of summer-grown sorghum in 2005/06 are forecast below year-earlier levels, but still at historically high levels. Wheat area is expected to remain unchanged from last season, while areas devoted to barley and sorghum are expected to fall, although remaining relatively high. Post forecasts yields at close to five-year-averages, and in-line with what are indicated by the longer-term time trends. Post assumes normal weather conditions in forecasting these crops.

Rice production is forecast to rise, as a return to more normal weather conditions increases the availability of irrigation water. Despite the rise, forecast rice production remains at below average levels, as area devoted to rice is not expected to fully recover from the sharp decline brought-on by the severe drought of 2002-03.

Wheat and barley exports are forecast to fall, sorghum exports are expected to remain unchanged, and rice exports are forecast to rise in the out-year. Ending stocks are expected to increase sharply across the board, following the sharp declines that were brought on by the 2002-03 drought.

There have been some recent developments regarding Australia's statutory grain marketing boards. A formal review of the national export marketing arrangements for wheat, mandated under national legislation, is currently ongoing. Pressure from the Commonwealth's National Competition Council has resulted in a partial opening to competition of Western Australia's barley (and canola and lupin) export monopoly, and the Council is applying similar pressure to the South Australian barley export monopoly. In New South Wales, export monopolies for barley, sorghum and canola are likely to be phased-out in September 2005.

The Australian dollar has appreciated sharply against the currencies of major trading partners over the past several years. For example, the Australian dollar was valued at US\$0.75 in mid March 2004, up 15 percent from the average of US\$0.652 in 2003 and about 38 percent higher than the average of US\$0.544 in 2002. Australia's competitiveness in world agricultural markets and returns to domestic producers are heavily impacted by the exchange rate of the Australian dollar.

The appreciation of the Australian dollar has a dampening affect on broad acre agricultural commodity prices. Although future fluctuations will impact Australia's competitiveness in international markets and returns to growers, currency movements aren't expected to lead to any significant switching between mixed farm enterprises such as cereals, oilseeds, pulses, lamb or beef.

SECTION TWO: NARRATIVE ON SUPPLY, DEMAND, POLICY AND MARKETING

WHEAT

Production

Wheat production in 2004/05 is forecast at 23.5 MMT, down six percent from the record 25.0 MMT harvested in 2003/04. A crop of 23.5 MMT would represent the fourth largest wheat crop in Australian history, which would have all occurred in the last five years. A 23.5 MMT crop assumes normal weather conditions leading up to, and during, the growing season. Above average weather conditions could result in a crop the size of 2003/04, while below average weather conditions and a return to drought conditions could sharply reduce production prospects.

Recent heavy rainfall events in northern New South Wales (NSW) and central and southern Queensland potentially indicate an above average start to the 2004/05 season in these areas, which experienced severe drought conditions in both 2002/03 and 2003/04. Northern NSW, in particular, is anticipating excellent sowing conditions. However, southern NSW and most other eastern states have yet to receive significant planting rains. Planting will commence in earnest in April in most of the eastern states. Rainfall over the last three months in Western Australia has been normal to slightly below. Sowing in Western Australia usually begins in May.

Wheat production in 2003/04 is estimated at 25 MMT, unchanged from the previous estimate (see GAIN Report #AS4007). This estimate is in-line with the most recent estimates by ABARE (24.92 MMT) and by AWB Ltd. (25 MMT).

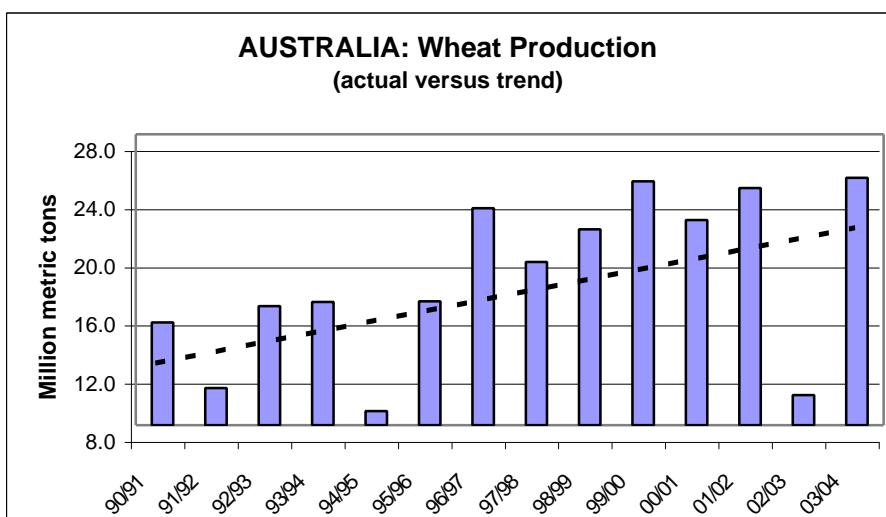
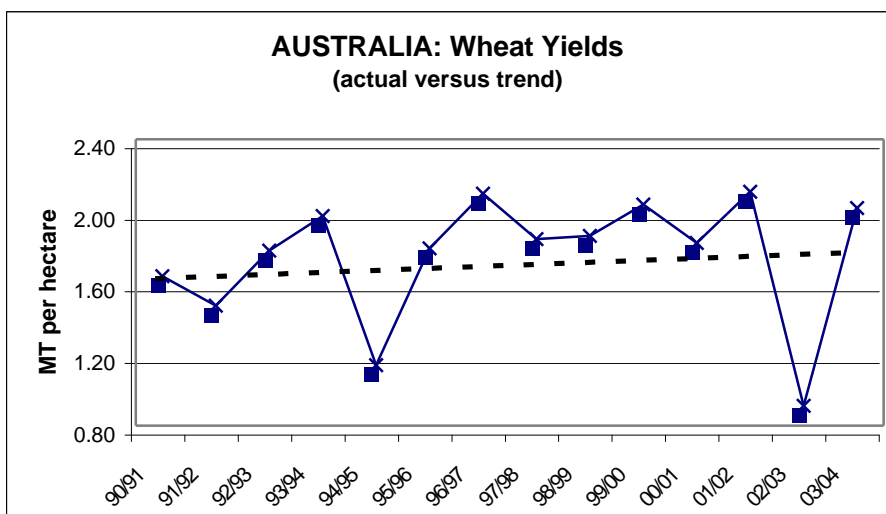
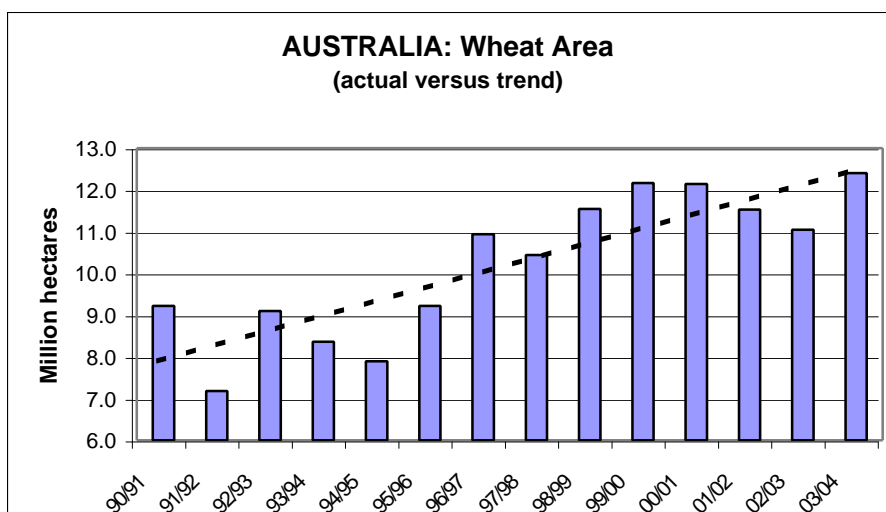
Area

Total wheat area in 2004/05 is forecast at 12.4 million hectares, unchanged from the previous year and together with 2003/04, representing the second highest wheat area on record. The record wheat area stands at 12.9 million hectares in 1983/84. Lower livestock inventories and competitive returns associated with cereal production would appear to support an historically large wheat area. Additionally, there is historical precedent for wheat area rising following drought-reduced harvests. For example, the record wheat area registered in 1983/84 followed the drought-reduced harvest of 1982/83, the smallest wheat crop since 1972/73. Also, the drought-reduced 1994/95 harvest was followed by large increases in area the following two years.

Cross-Commodity Developments

The majority of Australia's grain crops are produced in close association with sheep and wool enterprises as part of traditional mixed farming operations. Although these enterprises partially compliment each other, they also compete directly for land. To a lesser extent, this is also true for beef production.

A sharp fall-off in animal numbers, particularly sheep, is a major contributing factor in the historically high levels of area devoted to wheat. Further, there is no indication that the long-term decline in sheep numbers will be reversed soon, which tends to indicate larger than normal area devoted to a major alternative -- wheat.



According to ABARE, sheep numbers for 2003/04 are estimated at 96.0 million head, down two percent from the previous year. Livestock numbers, particularly sheep, are likely to remain depressed long after a return to more normal weather conditions (which began towards the end of calendar year 2003.) In some areas, the drought persisted into 2004 and producers are reported to be still offloading stock.

According to official Australian Bureau of Statistics (ABS) statistics, sheep numbers have fallen fairly steadily since 1990, when numbers peaked at 173 million head. In 2002/03, sheep numbers fell to 98.4 million head, the lowest number since 1947. Widespread drought conditions in 2002-03 sparked the more recent steep decline.

Post also expects that there will be some switching of barley to wheat in 2004/05. Barley, a shorter season crop, is more suited to drier years when seasonal rains are delayed – typically known as a “late break”. In many cropping areas, the 2003/04 season commenced with a late break, which positively impacted barley area. Any abnormal dryness leading into the 2004/05 season would be expected to lead to a higher proportion of area devoted to barley, versus wheat.

Greatly improved pasture conditions and on farm fodder reserves are likely to result in an overall decline in the level of grain consumed by livestock. Earlier predictions of a rapid expansion in the cattle lot-feeding sector, following the detection of BSE in the United States, has not materialized. Post believes that overall grain consumption (wheat and barley) in Australia is likely to fall slightly in 2004/05.

Yield

Post forecasts a national average wheat yield of 1.9 MT/hectare in 2004/05. A yield of this magnitude is slightly under a five-year average yield of 1.93 MT/ha (excluding the 2002/03 drought year) and in-line with that indicated by a longer-term time trend. ABARE forecasts 2004/05 wheat yield at 1.8 MT/hectare. However, this yield forecast, which appears to be an average of recent annual yields, is heavily influenced by the drought-reduced 2002/03 yield, which was the lowest recorded since 1982/83.

Historical data indicate yields to be rising incrementally over the past three decades. ABARE's long-term projection has the national average wheat yields increasing at about 0.02 MT/hectare per year.

Prices

Domestic wheat prices have fallen from the relatively high levels that characterized the 2001/02 and 2002/03 seasons, when prices peaked at over A\$250 per MT. For the recent 2003/04 crop, the present price of the AWB Ltd. benchmark wheat grade is \$224 per MT. For the upcoming 2004/05 crop, AWB announced in early February 2004 the first estimated price range for the benchmark grade of \$190-\$200 per MT. (These prices are AWB Ltd. Estimated Pool Returns for APW 10% protein wheat, FOB, GST exclusive.)

Wheat Prices, 2000/01 – 2004/05 (nominal prices in A\$ per metric ton)

2000/01	2001/02	2002/03	2003/04	2004/05
234	259	256	224	190-200

Note: Estimated Pool Returns APW 10% (FOB, GST exclusive)

Source: AWB Ltd.

Consumption

Wheat consumption is forecast to remain relatively firm in MY 2004/05 (Oct-Sep) at 5.7 MMT, down slightly from the 5.8 MMT estimated for the previous marketing year. Improved feed grain supplies and lower prices are expected to put some downward pressure on wheat as feed.

Historical ABARE figures indicate that over two-thirds of Australia's wheat production is exported, around 10 percent is consumed domestically as food and industrial use and around eight percent is used as feed. These figures can vary widely during periods of drought when grain production falls and livestock feed grain consumption increases significantly. Domestic livestock industries have traditionally utilized downgraded wheat; although when grain supplies are low, lower-quality milling wheat may be diverted for feed use. Precipitation at harvest and widespread downgrading also results in larger amounts of wheat being used as feed.

Trade

Given the current wheat production forecast, exports are forecast at 16.5 MMT in MY 2004/05 (Oct-Sep), about four percent lower than the 17.2 MMT projected for the previous (current) marketing year. If achieved, this export level roughly equates to the levels achieved directly prior to the national drought in 2002-03.

Australia has returned aggressively as a wheat exporter in 2003/04, following the significantly smaller volumes that were exported in 2002/03. Exports to most of Australia's traditional wheat markets are expected to be higher in 2003/04. In addition, China has appeared as a new market for Australian wheat in 2003/04. Australia is also seeking to resume sales of wheat to Iraq. Australian wheat exports are benefiting from reduced exports from some of the "non-traditional" exporters.

A limited, and declining, quantity of wheat is being exported in bags and containers. Billed as an alternative to the wheat export monopoly, this trade was 'partially' deregulated in 2001. In 2000/01 (Oct-Sep), bag/container exports totaled 589,000 MT, falling to 230,477 MT in 2001/02. In 2002/03, this trade totaled 129,058 MT, including 121,221 MT in container and 8,637 MT in bags. (All these figures also include bag/container exports by AWB Ltd.) The major destinations for the container trade in 2002/03 were New Caledonia, New Zealand, Papua New Guinea, Taiwan and Malaysia.

Official grain trade statistics are subject to confidential constraints, which limits the availability of timely trade figures. This holds true for wheat and other grains that are subject to statutory marketing arrangements.

Stocks

Official up-to-date stock figures for wheat are unavailable. Wheat stocks are forecast to continue rebuilding, following the steep drop registered in MY 2002/03, reaching 5 MMT at the close of 2004/05. This represents an increase of 1.3 MMT from the previous year and about 3.3 MMT from 2002/03. Post anticipates that ending-year stocks in 2004/05 will reach levels similar to that experienced prior to the recent drought.

Phytosanitary Issues

Pakistani authorities have rejected four shipments (150,000 MT) of Australian wheat delivered in late February 2004, claiming the shipments were contaminated with the fungal

disease 'karnal bunt'. The issue has raised much concern, as Australian experts assert that karnal bunt is not known to occur in Australia, and that this could cause difficulties in other export markets. The Australian Prime Minister has reportedly written to Pakistan's President requesting him to intervene in the dispute. There are no indications that Pakistan will reverse their decision and it is likely that Australia will have to find another destination for these shipments.

Australian scientists have participated in subsequent testing of the consignment and are confident that the results do not indicate the presence of karnal bunt. According to official government sources, samples from the shipments have since been tested in two Australian laboratories and in an internationally recognized independent laboratory, which did not detect the presence of karnal bunt.

Policy

Australia maintains a monopoly ('single desk') for bulk wheat exports. Currently, the Wheat Marketing Act 1989 (as amended) governs wheat marketing in Australia. In July 1999, the Australian Wheat Board, a Government-owned statutory marketing authority, became AWB Ltd., a publicly listed company controlled by wheat growing shareholders. AWB International Ltd. (AWBI), a subsidiary of AWB Ltd., is the current holder of the single desk export rights for bulk wheat.

The Wheat Export Authority (WEA) was also established in July 1999 as part of the restructuring of the former Australian Wheat Board. The WEA's statutory functions are to monitor AWBI's performance in relation to the export of wheat and to examine and report on the benefits to growers that result from that performance; and to assist an independent review assessing the wheat export arrangements, including AWBI's management and use of its export rights and whether benefits to growers have resulted from the performance of AWBI.

The Wheat Marketing Act (the Act) was reviewed in 1999 under National Competition Policy (NCP) criteria. Among the findings was that the Commonwealth failed to meet NCP principles in relation to the privatization of the Australian Wheat Board. In response, the Commonwealth commissioned a Committee to conduct a review. The Committee's final report, issued in December 2000, indicated it would be premature to repeal the Act and recommended that the single desk be retained until a 2004 review, as was required by the Act. Amongst a number of other recommendations, the Committee called for improvements to the export consent system, including partial 'deregulation' of wheat exported in bags and containers.

The Commonwealth's response to the Committee's review was to retain the 'single desk', but to not conduct the mandated 2004 review under NCP principles. The Commonwealth made some other changes, including reforms in the export control system.

The Australian Parliament debated single desk arrangements and amended the Act in 2003. The debate was quite extensive. Amendments to the Act provided a mechanism for funding of the WEA by the wheat industry, changed the operation of the WEA and clarified its export control functions, and provided for an independent panel to conduct the mandated 2004 review.

The 2004 Review, as mandated by the Act, is currently under way. The Review will provide an evaluation of AWBI's performance as manager of Australia's wheat export single desk arrangements. The review will also take into consideration AWBI's obligation to maximize net returns to growers. The Commonwealth Government, however, has made it clear that

the Review is not about the continuation of single desk arrangements, nor is it intended to fulfill NCP obligations. The 2004 Review is to be concluded by August 1, 2004, and to be publicly reported by September 1, 2004.

Free Trade Agreements

Australia completed free trade agreement (FTA) negotiations with Thailand in October 2003, with formal ratification pending. Once implemented, the FTA will immediately eliminate Thai tariffs on Australian wheat. The current Thai tariffs on Australian wheat are 1 baht/kilogram (an ad valorem equivalent of 12-20 percent.) (See GAIN Report #3045 for further details.)

Australia also completed FTA negotiations with the United States in February 2004, which would ultimately result in duty-free trade in wheat and all wheat products. Australia's tariffs would all be eliminated on FTA implementation.

BARLEY

Production

Barley production in 2004/05 is forecast at 7.3 MMT, 14 percent below the historically high 8.5 MMT estimated for the previous year. Even with this sharply lower forecasted crop, production remains well above the five-year-average of 6.5 MMT.

Barley production for 2004/05 is forecast by ABARE at 8.0 MMT. However, to attain this production level, ABARE is forecasting a record barley yield. Post considers this yield forecast to be overly optimistic at this point in time.

Area

Barley area in 2004/05 is forecast at 3.7 million hectares, down about eight percent from 4.0 million in 2003/04. In arriving at this forecast, post has assumed a return to more normal weather conditions, which is more likely to favor wheat production.

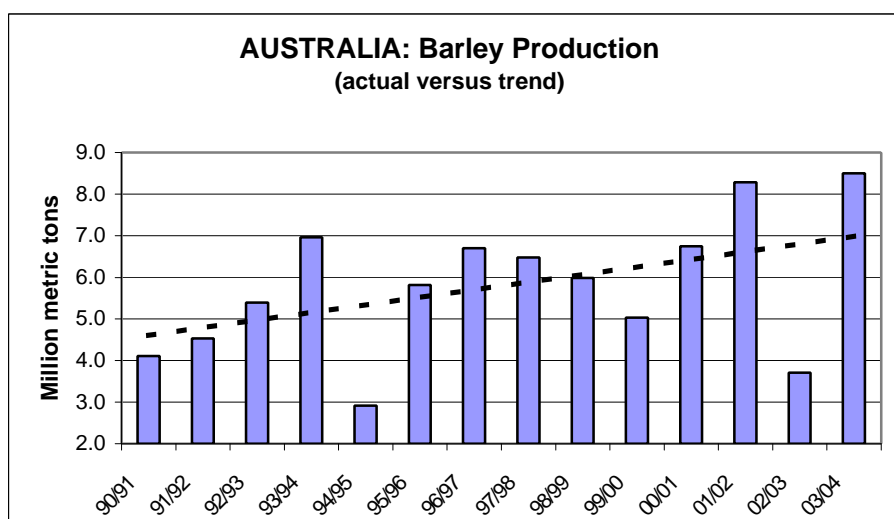
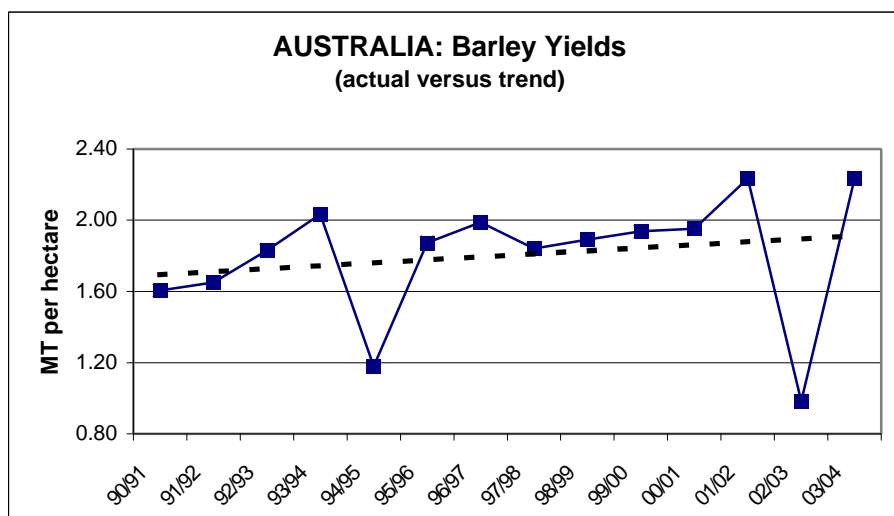
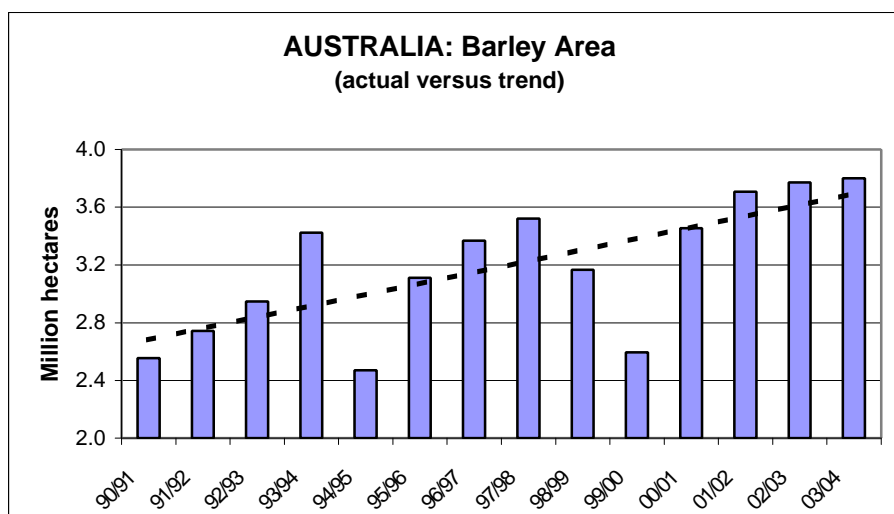
Yield

Post has assumed national average barley yield of 1.97 MT/hectares in 2004/05, 12 percent lower than the relatively high yield achieved in 2003/04 (2.24 MT/ha.) The 1.97 MT/hectare represents a level that is roughly equal to a five-year average (not including the drought of 2002/03), and roughly in-line with that indicated by a longer-term time trend.

ABARE has forecast a yield of 2.27 MT/hectare in 2004/05. If achieved, a yield of this magnitude would represent an all time record, surpassing the current record yield of 2.23 MT/hectare in 2001/02.

Prices

Barley prices are expected to be down sharply for the 2004/05 crop. ABB Grain, has recently advised growers in South Australia that they should expect malting barley prices of A\$175-\$185 per MT and A\$150-\$160 per MT for feed barley for the upcoming 2004/05 season. On average, this represents a A\$30-\$40 decline from prices for the 2003/04 crop. The slump in prices is mostly due to the rising Australian dollar. South Australia is the largest barley producing state, and ABB Grain is among the world's largest barley exporters.



Barley Prices, 2000/01 – 2003/04

(nominal prices in A\$ per metric ton)

Type	2000/01	2001/02	2002/03	2003/04
Malting	230	235	280	225
Feed	181	186	230	190

*Note: Gross unit pool returns to Australian growers.**Source: ABARE.***Consumption**

Post forecasts barley consumption at 2.9 MMT in MY 2004/05 (Nov-Oct), down slightly from the 3.0 MMT consumed in the previous (current) marketing year. A return to more normal feed supplies, following the 2002-03 drought, is expected to ease barley feed consumption in 2004/05.

About two thirds of Australia's barley is typically exported, over half of which is malting quality, according to ABARE statistics. The remaining one third is consumed domestically, with the overwhelming majority used as livestock feed and smaller amounts for domestic malting. The proportion of barley exported depends on the quality of the crop. In years where significant amounts of barley are downgraded, the proportion exported typically declines.

Trade

Barley exports are forecast at 4.1 MMT in MY 2004/05, down 11 percent from the 4.6 MMT projected for the previous (current) year. The replenishing of stocks following the drought, combined with lower forecast production, is expected to constrain exports in 2004/05.

Official up-to-date trade statistics are subject to confidentiality constraints, which limits the availability of timely trade figures.

Stocks

Closing barley stocks in MY 2004/05 are forecast at 1.9 MMT, up 19 percent from the 1.6 MMT in the previous (current) year. Another favorable production year forecast for 2004/05 should result in stocks rising to levels experienced prior to the drought in 2002-03.

Stocks of barley were almost completely depleted in 2002/03, driven by historically low output and high feed demand.

Policy

Barley exports are controlled by statutory state monopolies ('single desks') in New South Wales, South Australia and Western Australia. The monopoly export right in New South Wales, presently controlled by GrainCorp, is due to be phased-out in September 2005. ABB Grain and Grain Pool Pty Ltd. hold the single desk export rights for barley in South Australia and Western Australia, respectively. Statutory export monopolies for barley in Victoria and Queensland have been eliminated.

Under pressure from the Commonwealth's National Competition Council, the Western Australian state government recently legislated changes to the export monopoly for barley,

canola and lupin in the state, which has opened exports to some competition. Under the new system, the Grain Licensing Authority (GLA) acts as the regulator of the exports of these commodities. Grain Pool Pty Ltd. is the holder of the "Main Export License", but GLA can also issue "Special Export Licenses" for certain commodities, in certain markets, for certain time periods, where the exports will not significantly affect premiums extracted by the single desk exporter – Grain Pool.

Under this new licensing procedures, which commenced in November 2003, GLA has issued Special Export Licenses to non-Grain Pool exporters for 433,000 MT of feed barley, mostly destined for the Middle East, and 35,000 MT of malting barley (in addition to quantities of canola and lupins.) For feed barley, this represents more than one-quarter of the feed barley export pool. Grain Pool argues that these exports have a detrimental affect on export premiums.

In South Australia, the Commonwealth's National Competition Policy (NCP) review has recommended the deregulation of the barley marketing arrangements, including the export monopoly. In the Commonwealth's 2003 NCP assessment, the state's marketing monopoly did not generate "credible public interest evidence" to maintain the scheme. As a result, the Commonwealth Government has withheld A\$3 million in payments to the state in 2003/04, pending the state providing details of reforming.

The 2003 NCP assessment also indicated that the Commonwealth's decision to not remove its wheat marketing restrictions, as had been recommended, has discouraged some state reforms in this area from proceeding. In this regard, Western Australia's new legislation ties the removal of its single desk powers to the deregulation of the national wheat single desk.

Free Trade Agreements

Under the recently negotiated Australia-Thailand FTA, Thailand will immediately eliminate the tariff on barley imported from Australia. The current specific tariff is equivalent to up to about 25 percent on an ad valorem basis. Thailand would also immediately eliminate the tariff on unroasted malt from Australia, which is equivalent to about 28 percent on an ad valorem equivalent basis. (See GAIN Report #3045 for further details.)

Australia also completed FTA negotiations with the United States in February 2004, which would ultimately results in duty-free trade in barley and barley products. Australia's tariffs would all be eliminated on FTA implementation.

SORGHUM

Production

Sorghum production in 2005/06 is forecast at 2.23 MMT, slightly under the 2.3 MMT projected for the previous (current) year. Post has assumed normal weather conditions and has utilized area and yield forecasts that are close to the five-year averages.

Post projects sorghum production in 2004/05 at 2.3 MMT, above the most recent ABARE projection of 2.11 MMT. Despite a poor start to the season, favorable rainfall in mid to late season is expected to lead to above average national yields. The 2004/05 sorghum harvest is currently ongoing.

Sorghum is mostly grown in the hotter, drier inland areas of NSW and Queensland, when rainfall permits. Around two thirds of the crop is usually grown in central and southern Queensland and most of the remainder is grown in northern NSW. Small quantities are also

grown in the far north of Western Australia (mostly for seed) and in Victoria. Many growers consider sorghum as an “opportunity” crop, preferring higher temperatures and good subsoil moisture.

Official figures for irrigated versus dryland sorghum are unavailable, but in a normal year, irrigated sorghum is only a relatively small fraction of the total. However, the proportion planted to irrigated sorghum may increase fairly dramatically during drought periods, when dryland plantings plummet. If this occurs, the irrigated sorghum normally comes at the expense of irrigated crops that require more water, such as cotton and rice.

Area

Total sorghum area is forecast at 797,000 hectares, down five percent from the 835,000 hectares estimated for the previous year, but well above the five-year-average of 692,000 hectares.

During the drought of 2002-03, reduced supplies of irrigation water encouraged many producers to switch from irrigated crops such as cotton and rice to sorghum. An improved outlook for cotton and rice production in 2005/06 is expected to negatively impact the area devoted to irrigated sorghum.

Yield

Sorghum yield in 2005/06 is forecast at 2.8 MT/hectare, slightly above the 2.75 MT/ha projected for the previous (current) year. A yield of this size is slightly above the five-year average and in-line with a yield indicated by a longer-term time trend.

Consumption

Sorghum consumption is forecast to remain unchanged in MY 2005/06 (Mar-Feb) at 1.7 MMT. Sorghum is primarily consumed as feed by a variety of animal industries, particularly poultry and pork. Poultry and pork production (and consumption) continue growing at relatively rapid rates, providing a steadily increasing demand for feed grain. The domestic cattle feedlot industry, which is also a consumer of sorghum, is currently contracting, as domestic pasture conditions improve following the extended drought. This contraction, however, is being tempered somewhat by increased demand for fed cattle in Japan, as a result on the ban on U.S. beef because of BSE.

Sorghum is considered a major feed crop in Australia. About three quarters of total production is normally consumed domestically and the remainder is exported.

Trade

Exports of sorghum are forecast at 500,000 MT in MY 2005/06 (Mar-Feb), the same export level that is forecast for 2004/05, but nearly six times the drought-reduced level of 2003/04. These higher export levels are supported by the larger crops, which have increased sorghum availability. The sharp increase in the value of the Australian dollar is trimming export returns from sorghum exports. In addition, avian influenza in Asia is disrupting poultry industries and feed grain trade in the region.

Official up-to-date figures for sorghum are subject to confidentiality restrictions that limit the availability of timely trade data.

Stocks

Ending-year sorghum stocks are forecast to rise to 190,000 MT in 2005/06. This stock level is similar to that achieved prior to the 2002-03 drought.

Policy

The monopoly export right in New South Wales for sorghum, presently controlled by GrainCorp, is due to be phased-out in September 2005. The state export monopoly for sorghum in Queensland has been eliminated.

RICE**Production**

Rough rice production in 2005/06 is forecast at 990,000 MT, equivalent to 708,000 MT of milled rice using a conversion factor of 0.715 rough-milled. This rough production level represents a 40 percent increase from the 699,000 MT projected for the current, 2004/05, crop. Even with the projected production increase, a rough rice crop of the size forecast for 2005/06 would be well under the five-year average of 1.16 MMT. Due to irrigation water shortages, Australia's rice area (and production) has remained at depressed levels in both 2003/04 and 2004/05.

A return to more normal weather conditions following the recent drought is expected to lead to improved irrigation water availability in 2005/06. Irrigation water storage levels have already improved somewhat, but they remain well below normal levels. Post assumes normal weather conditions in the lead up to planting the 2005/06 crop, which won't take place until later this calendar year.

Industry sources indicate that growers remain "bullish" regarding planting intentions in the lead up to the 2005/06 season. Post anticipates growers will attempt to maximize rice area, subject to the availability of irrigation water.

Consumption

Post forecasts domestic rice consumption in MY 2005/06 (Mar-Feb) to remain unchanged at 380,000 MT. Official statistics for rice consumption are no longer available. Post derives consumption figures from production and net exports.

Trade

Total exports are forecast at 360,000 MT in 2005/06, up nine percent from the 330,000 MT projected for the previous (current) marketing year. The higher production level is expected to increase the availability of rice suitable for export.

Official up-to-date figures for sorghum are subject to confidentiality restrictions that limit the availability of timely trade data.

Stocks

Closing stocks of rice are forecast to rise to 367,000 MT in 2005/06, up eight percent from the 339,000 MT projected for the current year. Despite the increase, stocks of this magnitude remain below those experienced prior to the 2002-03 drought.

Policy

The Rice Marketing Board has the export and domestic marketing monopoly for rice produced in New South Wales. The Board has given this right to Ricegrowers Cooperative Limited.

In a 2003 assessment, the Commonwealth's National Competition Policy review recommended removing the domestic rice monopoly, while retaining the monopoly on exports.

PREVIOUS POST REPORTS ON GRAINS

These recent Post reports contain information on grain, or issues related to grain:

- Grain Update – March Lockup, AS4007, 02/27/04
- Grain Update – January 2004 Lockup, AS3051, 12/29/03
- Grain Update – December Lockup, AS3049, 11/25/03
- Partial Deregulation of Barley Exports in WA, AS3047, 11/19/03
- Wheat and Rice Update – November Lockup, AS3044, 11/03/03
- Wheat Single Desk Developments, AS3019, 06/24/03

SECTION THREE: STATISTICAL TABLES

Australia							
Wheat							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		10/2002		10/2003		10/2004	MM/YYYY
Area Harvested	11045	11045	12500	12400	0	12400	(1000 HA)
Beginning Stocks	7630	6803	2724	1661	3534	3661	(1000 MT)
Production	10058	10059	24500	25000	0	23500	(1000 MT)
TOTAL Mkt. Yr. Imports	286	299	10	0	0	0	(1000 MT)
Jul-Jun Imports	284	299	50	0	0	0	(1000 MT)
Jul-Jun Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	17974	17161	27234	26661	3534	27161	(1000 MT)
TOTAL Mkt. Yr. Exports	9146	9100	17500	17200	0	16461	(1000 MT)
Jul-Jun Exports	10946	10850	14000	14700	0	16700	(1000 MT)
Feed Dom. Consumption	3379	3600	3500	3000	0	2900	(1000 MT)
TOTAL Dom. Consumption	6104	6400	6200	5800	0	5700	(1000 MT)
Ending Stocks	2724	1661	3534	3661	0	5000	(1000 MT)
TOTAL DISTRIBUTION	17974	17161	27234	26661	0	27161	(1000 MT)

Australia							
Barley							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		11/2002		11/2003		11/2004	MM/YYYY
Area Harvested	3772	3772	4000	3800	0	3700	(1000 HA)
Beginning Stocks	1906	1557	719	721	1219	1621	(1000 MT)
Production	3713	3713	8000	8500	0	7300	(1000 MT)
TOTAL Mkt. Yr. Imports	0	35	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	34	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	5619	5305	8719	9221	1219	8921	(1000 MT)
TOTAL Mkt. Yr. Exports	2100	1984	4300	4600	0	4121	(1000 MT)
Oct-Sep Exports	2200	2159	4300	4500	0	4200	(1000 MT)
Feed Dom. Consumption	1800	1600	2200	2200	0	2100	(1000 MT)
TOTAL Dom. Consumption	2800	2600	3200	3000	0	2900	(1000 MT)
Ending Stocks	719	721	1219	1621	0	1900	(1000 MT)
TOTAL DISTRIBUTION	5619	5305	8719	9221	0	8921	(1000 MT)

Australia							
Sorghum							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2003		03/2004		03/2005	MM/YYYY
Area Harvested	673	673	800	835	0	797	(1000 HA)
Beginning Stocks	191	92	127	67	172	163	(1000 MT)
Production	1541	1541	2100	2300	0	2231	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	1732	1633	2227	2367	172	2394	(1000 MT)
TOTAL Mkt. Yr. Exports	50	87	400	500	0	500	(1000 MT)
Oct-Sep Exports	45	50	200	475	0	490	(1000 MT)
Feed Dom. Consumption	1550	1475	1650	1700	0	1700	(1000 MT)
TOTAL Dom. Consumption	1555	1479	1655	1704	0	1704	(1000 MT)
Ending Stocks	127	67	172	163	0	190	(1000 MT)
TOTAL DISTRIBUTION	1732	1633	2227	2367	0	2394	(1000 MT)

Australia							
Rice, Milled							
	2002	Revised	2003	Estimate	2004	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		03/2003		03/2004		03/2005	MM/YYYY
Area Harvested	38	38	80	70	0	110	(1000 HA)
Beginning Stocks	627	720	401	479	271	339	(1000 MT)
Milled Production	279	279	515	500	0	708	(1000 MT)
Rough Production	390	390	720	699	0	990	(1000 MT)
MILLING RATE (.9999)	7150	7150	7150	7150	0	7150	(1000 MT)
TOTAL Imports	50	70	60	70	0	60	(1000 MT)
Jan-Dec Imports	50	70	60	70	0	60	(1000 MT)
Jan-Dec Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	956	1069	976	1049	271	1107	(1000 MT)
TOTAL Exports	175	210	325	330	0	360	(1000 MT)
Jan-Dec Exports	150	150	300	280	0	350	(1000 MT)
TOTAL Dom. Consumption	380	380	380	380	0	380	(1000 MT)
Ending Stocks	401	479	271	339	0	367	(1000 MT)
TOTAL DISTRIBUTION	956	1069	976	1049	0	1107	(1000 MT)

Import Trade Matrix			
Wheat			
Time Period	Yr End Jun	Units:	MT
Imports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Turkey	24	United Kingdom	298983
New Zealand	2	Turkey	175
		New Zealand	5
		Chile	2
Total for Others	26		299165
Others not Listed	0		1
Grand Total	26		299166

Source: World Trade Atlas

Export Trade Matrix			
Wheat			
Time Period	Yr End Sept	Units:	MT
Exports for:	2002		2003
U.S.	0	U.S.	0
Others		Others	
Indonesia	2026305	Indonesia	1376604
Iraq	2019377	Japan	1188341
Egypt	1690913	Korea	916566
Japan	1223185	Iraq	747198
Korea	1100524	Sudan	477926
Malaysia	560041	Malaysia	433928
Italy	474471	Thailand	398884
Yemen	457627	Yemen	327978
Sudan	454627	Egypt	297850
New Zealand	305785	New Zealand	279223
Total for Others	10312855		6444498
Others not Listed	5991145		2655502
Grand Total	16304000		9100000

Source: Based on Wheat Export Authority figures